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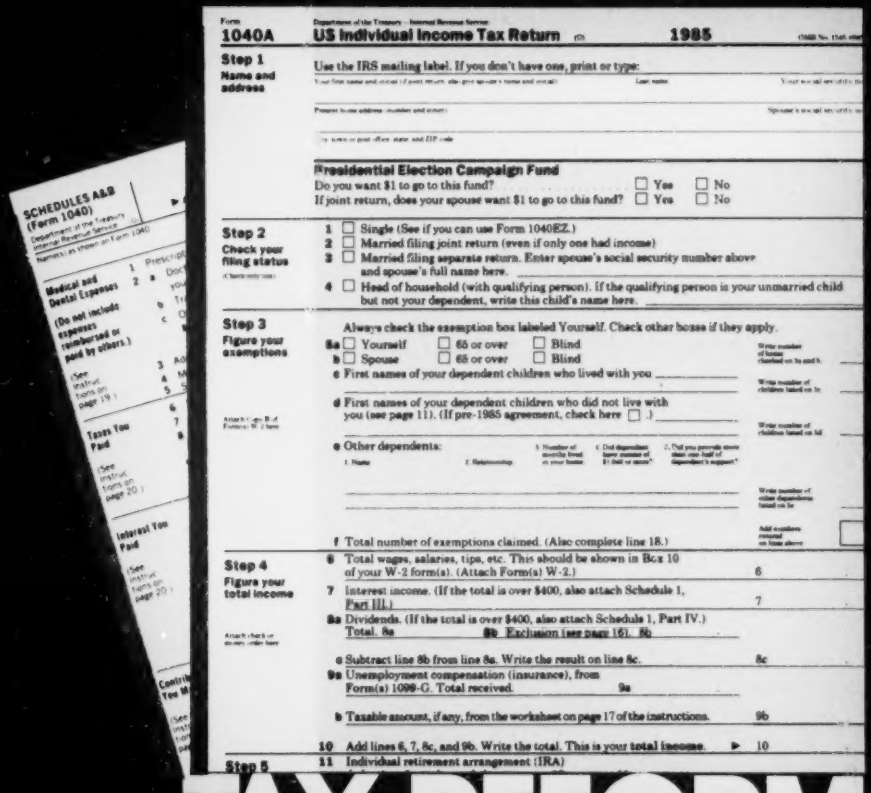
FOCUS


Form 1040A
Department of the Treasury — Internal Revenue Service
US Individual Income Tax Return (0) 1985
Step 1 Name and address
Use the IRS mailing label. If you don't have one, print or type:
Presidential Election Campaign Fund
Do you want $1 to go to this fund? Yes No
If joint return, does your spouse want $1 to go to this fund? Yes No
Step 2 Check your filing status
1 Single (See if you can use Form 1040EZ.)
2 Married filing joint return (even if only one had income)
3 Married filing separate return. Enter spouse's social security number above and spouse's full name here.
4 Head of household (with qualifying person). If the qualifying person is your unmarried child but not your dependent, write this child's name here.
Step 3 Figure your exemptions
Always check the exemption box labeled Yourself. Check other boxes if they apply.
6a Yourself 65 or over Blind
b Spouse 65 or over Blind
c First names of your dependent children who lived with you
d First names of your dependent children who did not live with you (see page 11). (If pre-1985 agreement, check here)
e Other dependents:
f Total number of exemptions claimed. (Also complete line 18.)
Step 4 Figure your total income
7 Interest income. (If the total is over $400, also attach Schedule 1, Part II.)
8a Dividends. (If the total is over $400, also attach Schedule 1, Part IV.)
b Exclusion (see page 16).
c Subtract line 8b from line 8a. Write the result on line 8c.
9a Unemployment compensation (insurance), from Form(s) 1099-G.
b Taxable amount, if any, from the worksheet on page 17 of the instructions.
10 Add lines 6, 7, 8c, and 9b. Write the total. This is your total income.
Step 5
11 Individual retirement arrangement (IRA)
SCHEDULES A&B (Form 1040)
Medical and Dental Expenses
Taxes You Paid
Interest You Paid

TAX REFORM

How It Affects Blacks

The Crisis in Black America

Can we create a consensus for change?

Pollution and Black Neighborhoods

Are black areas becoming the dumping grounds of the nation?

ISSN 0740-0195 Joint Center for Political Studies

Perspective

This year Black History Month follows the first official, national celebration of Martin Luther King's birthday. From now on we will have two consecutive months at the beginning of each year to focus the nation's attention on the accomplishments and status of black Americans.

In addition to accentuating the King holiday, this year Black History Month has special significance for me. Its theme is "The Afro-American Experience. The International Connection." My career began in international relations, first with the U.S. Senate Foreign Relations Committee and later with the U.S. Department of State.

My nine-year experience in the international arena was both exciting and disappointing: exciting because my assignments were challenging and rewarding; disappointing because there were so few black Americans in this field. There are more today, but blacks still are grossly underrepresented in America's foreign policy establishment.

The underrepresentation extends far beyond the State Department and its sister agencies. Blacks are relatively few in those segments of academia, business, and the nonprofit sector that are linked to foreign affairs. Except for a limited degree of involvement in African and Caribbean matters, black participation in the international arena is virtually nil. The reasons are varied and complex.

Columbia University anthropologist Elliott Skinner, who is black and a former Ambassador to Upper Volta, provides some insight into blacks' absence from foreign affairs. He observes, "The ability of any group to influence its country's foreign policy is directly related to its ability to influence that country's domestic affairs."

Another reason is that only a few blacks view foreign affairs as a viable professional option, and therefore only a handful train for such a career and seek it. Entrance requirements for the Foreign Service are also said to be set unnecessarily high in order to maintain an elitist environment. And, of course, there is always the specter of racial discrimination.

Whatever the reasons for black underrepresentation in foreign affairs, it must not continue. Blacks themselves must exert greater initiative in challenging the status quo and in competing for opportunities that can yield exciting and rewarding careers. We also must pay closer attention to the foreign policies of our government, especially those that have serious implications for the social and economic condition of blacks in this country and for struggling nations with whom we empathize.

Despite the Joint Center's heavy emphasis on domestic affairs, we recognize the powerful impact of international events on what does or does not happen in the United States. Energy, international trade, the exporting of jobs by American multi-national corporations, and defense policies strike close to home. Thus, for the past few years, the Joint Center has conducted several programs in the international sphere: we have published studies on foreign trade and on blacks in foreign affairs and have established a clearinghouse on blacks in the military. Senior State Department and Defense Department officers are regularly assigned to the Joint Center as Fellows who conduct research and interact with black leaders and organizations.

In April we will convene a series of round table discussions that will help shed additional light on the role of blacks in foreign affairs. These discussions, involving experts from academe, government, and industry, will examine in depth "The influence of Ethnocentrism on U.S. Foreign Policy" (see *Focus*, November-December 1985).

Those programs and others currently on the drawing board will become the centerpiece of greater Joint Center involvement in the international arena. We will emphasize what we have always considered part of our mission: the importance and urgency of black participation in the shaping and implementation of American policies—at home *and* abroad.

Eddie N. Williams
President

FOCUS

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Pollution and Black Neighborhoods

by Robert D. Bullard

(The author is associate professor of sociology at Texas Southern University in Houston.)

In 1978, several dangerous chemicals were found to be leaking from an abandoned dumpsite along the Love Canal in Niagara Falls, New York. Placed in the site more than 25 years earlier, the chemicals were seeping into the basements and yards of homes surrounding the site. People living in the area were subsequently found to suffer significantly more from several health problems—miscarriages, birth defects, liver damage—than did people in the general population.

The Love Canal episode sounded an alarm. Ever since then, communities have been scrambling to find—and get government help in cleaning up—sites within their borders where toxic material was inadequately disposed of in years past. Communities have also been much more careful about where and how they dispose of current municipal waste. And the disposal of hazardous industrial waste is now regulated, to some extent, by the Environmental Protection Agency (EPA).

For the most part, however, the communities most able to control the disposal of waste within their neighborhoods are white middle- and upper-middle-income communities that have organized effectively. Blacks, in general, have not used their growing political clout to influence or challenge policy decisions on environmental issues. Instead, they have chosen to focus their attention on the social issues that they believe have a more direct bearing on their well-being—for example, jobs and education.

However, black communities can no longer afford to remain indifferent to environmental issues. Because of where they live and work, blacks tend to be subjected to disproportionately large amounts of pollution. In the North, many blacks live in central city neighborhoods, where industry is generally more concentrated than in the suburbs (bringing more industrial pollution) and where freeways tend to border the community (bringing more vehicular pollution). In the South, according to a study funded by the National Science Foundation (one segment of which was published in 1985 with the title *Man-Environment Interactions in Selected Southern Cities*), black neighborhoods in a number of major cities have been burdened with a disproportionately large share of pollution. Moreover, blacks in the South often live in outlying areas, which are precisely the most likely locations for disposal of hazardous waste products. Occupationally, blacks are heavily concentrated in blue-collar jobs, which means they work in the very industries that use hazardous materials.

Disposal of Municipal Waste

Municipal waste is the trash that all of us dispose of in our offices and homes. The amount of municipal waste we produce is enough to fill the New Orleans Superdome from floor to ceiling twice a day, every day. Each American consumer produces about 3.5 pounds of waste per day, and together we produce over 148 million metric tons annually.

Municipal waste also includes certain waste products of industry that are primarily nontoxic; small amounts of potentially toxic industrial substances, however, may also be included in municipal waste.

There are two official ways and one unofficial way to dispose of municipal waste. Officially, it can be dumped in a properly engineered hole and covered properly with dirt—the hole is called a sanitary (or municipal) landfill—or it can be incinerated under properly controlled conditions. Unofficially (illegally), municipal waste can be dropped off at a dumpsite, which is a nontechnical term meaning an unregulated facility.

Finding land where municipal garbage can be disposed of is increasingly difficult, especially in large metropolitan areas. Residents of every community want their garbage collected, but all of them want it disposed of somewhere other than near their homes. A landfill is considered an undesirable feature to have in a community—and it may be dangerous. Either inadvertently or illegally, health-threatening substances may end up in a landfill. And small amounts of substances that are toxic when concentrated in large quantities are regularly disposed of at landfills (as we explain in the next section).

Black communities can no longer afford to remain indifferent to environmental issues. Because of where they live and work, blacks tend to be subjected to disproportionately large amounts of pollution.

Normally, zoning regulations require that landfills be located in areas zoned for industrial use, not in areas zoned residential. But not in Houston. Houston is the only large American city without zoning, and the city's black neighborhoods have emerged as the dumping ground for the city's municipal waste. Six of the city's eight garbage incinerators are located in predominantly black neighborhoods, as are all five of the city-owned municipal landfills. Unofficially, therefore, the city of Houston appears to have "zoned" its black neighborhoods as compatible with city-owned solid waste disposal sites. Once the city had established that pattern, private waste disposal firms continued it.

In 1979 black organizations filed a lawsuit in protest; the judge ruled against them, and they were turned down on appeal. Their suit, however, did produce one change: the state Department of Health—the licensing agency for city-owned landfills—now takes economic and socio-demographic data into account before granting a permit for a landfill.

Disposal of Hazardous Waste

Municipal landfills accept primarily waste from the home. Hazardous landfills, in contrast, are areas designated legally and technically capable of accepting toxic waste—that is, byproducts from chemical industries. Finding suitable sites for these landfills has become an especially critical problem, since people everywhere are reluctant to live near such potential time bombs. That there is a problem, however, is clear from the figures presented by the Office of Technology Assessment (a research component of Congress) in its 1983

(Continued on page 9)

The Crisis in Black America

by Glenn C. Loury

(The author, an economist, is a member of the faculty of the Kennedy School of Government at Harvard University. He is spending this year at the Institute for Advanced Study at Princeton. The article below was adapted from a speech Professor Loury made to the National Press Club in Washington, D.C., on December 17, 1985.)

Today black Americans, and the nation, face a racial crisis different in kind—but not in degree—from the crisis that occasioned the civil rights revolution. The bottom stratum of the black community is profoundly alienated from mainstream American life. But the deprivation, misery, hopelessness, and despair of the ghetto can no longer be blamed solely on white racism, they will not yield to protest marches or court orders, and they have steadily worsened in the years since the civil rights movement triumphed.

The social pathology that afflicts the urban underclass poses an enormous challenge to the leadership of both the black community and the nation. Yet we seem increasingly unable to conduct fruitful public dialogue—the kind of public discourse from which could emerge a political consensus broad enough to support sustained action on this most pressing domestic problem.

The result is a stalemate of sorts. Neither the government nor blacks have been moved to act in their respective spheres. The Reagan administration has not thought it necessary to formulate any explicit policy engaging the problems of the ghetto—or even to devote serious reflection to those problems. And black leaders have not fully recognized that a people who languish in dependency while the means through which they might work for their own advancement are at hand have surrendered their claim to dignity and to the respect of their fellow citizens.

Black America today is facing a great, existential challenge—the challenge of taking control of our own futures by exerting the requisite moral leadership, sacrificing time and resources, and building the needed institutions so that black social and economic development may be advanced. No matter what the white liberals and conservatives say to each other in debating the proper role of the government in matters of race, ultimately only blacks can meet this self-creating challenge. Black America's political leaders, it seems to me, have too often failed to face up to this fact, and the breakdown in public discourse has made the responsibility of facing up to it that much easier to evade.

Breakdown in Discourse

Public dialogue on racial issues is dominated by two diametrically opposed themes. One is that the ghettos' problems are the fault of racism and are, therefore, a civil rights problem, curable by civil rights methods. The other is that everything is due to the follies of big government and big spending.

Each position has some merit, yet each also has devastating weaknesses—and each side's weaknesses undercut its own strengths and help lend credibility to the other side.

The advocates of the first position—represented by the civil rights lobby—have exploited the racial situation for their own political gain. To them, every attack on a welfare program, whether the program can be defended as cost effective or not, is evidence of racism. Every affirmative action effort, whether its aim is to train the ghetto poor in job skills or to secure a fat municipal procurement contract for a black millionaire, is a necessary and just recompense. They have cited the minority youth unemployment rate in defense of special admissions programs to elite law schools. They have pilloried as racists those who take the opposite side of legitimately arguable policy questions.

Many whites, genuinely concerned about the tragedy unfolding in our inner cities, are reluctant to engage the issue because it seems like a political quagmire where one is forced to ally oneself with a civil rights establishment that no longer commands broad respect.

The social pathology that afflicts the urban underclass poses an enormous challenge to the leadership of both the black community and the nation.

In contrast, those who believe the problems of the ghettos are the legacy of a tragically misconceived welfare state—a position represented by the current administration—show no awareness whatsoever of the explicitly racial character of the ghettos' problems. They do not seem to understand the historical experiences that link the current urban underclass, symbolically and sociologically, to our long, painful legacy of racial trauma. The administration has dealt with the issue of continuing racial inequality merely by promulgating a de facto doctrine of "benign neglect." Its spokesmen talk in formalistic terms about the principle of "color-blind state action." They muster greater public relations skills to defend segregation academies than to convince black Americans that addressing this life-threatening condition is one of the government's highest domestic priorities. To them, the "trickling down" of the benefits of economic growth is what will ultimately solve the ghettos' problems.

Many people agree with the administration that the Great Society approach to the problems of poor blacks has been inadequate and that helping people is not nearly as easy to do as the big spenders would suggest. But those same people see no excuse for the government's failure to engage the problem of the ghettos with the requisite seriousness and energy. In fact, the administration's lack of a positive, high-priority response to the problem of the ghettos makes many of the people who accept much of the conservative critique of social policy reluctant to criticize the civil rights lobby, lest the critics be identified with the administration on racial matters.

(Continued on page 10)

How Tax Reform Affects Blacks

Too often, public policy debates seem to be conducted by elites—politicians and journalists using jargon to speculate on what is best for the nation. But the nation is made up of people—you and me and more than 200 million more of us—who rarely have an opportunity to participate directly in the important public decisions that affect our lives. And if some of us happen to be members of a minority group, we have an even harder time making our voices heard.

One of the issues now at the top of the American political agenda is tax reform. But although practically everyone agrees that basic changes need to be made in the American tax system, no one knows how the changes will affect him or her individually.

In preparation for an upcoming public forum on the issue of tax reform, the Domestic Policy Association drew up a combined issue-book and discussion guide entitled *Taxes: Who Should Pay and Why?* The Joint Center prepared a companion piece entitled *Tax Reform and Its Implications for Blacks.* A condensed and adopted version of the Joint Center's report is provided here for the benefit of *Focus* readers. (The center also prepared a discussion of welfare policy and its implications for minorities. That paper will appear in the March issue of *Focus.*)

It is our sincere hope that the concept of broader citizen involvement in the shaping of public policy will grow and that our contribution here will stimulate others to a fuller exercise of their most powerful democratic rights, not the least of which is freedom of speech.

Eddie N. Williams
President

by Lynn Burbridge

(The author, an economist, is a research associate at the Joint Center.)

Currently Congress is considering some sweeping tax reform proposals. All taxpayers will be affected—individuals and businesses, rich families and poor, blacks and whites. And the effects on blacks will probably be different from the effects on whites.

To learn how any tax law may affect blacks and whites differently, one needs to answer three questions:

- *How does the law affect the taxes of black and other low-income families in comparison with the taxes of higher income families?* Average black family income has never been much more than 60 percent of average white family income, and the gap between blacks and whites is particularly large at the lowest end of the income scale.
- *Does the law have special provisions that black and white families, even when they have similar incomes, will not be able to take equal advantage of?* A special provision is anything that lets certain taxpayers reduce the taxes they might otherwise have to pay. Special provisions frequently single out investments in certain kinds of property or the receipt of specific kinds of income.
- *Will the law generate enough revenue to pay for the social programs that benefit black and low-income families?*

The law's effects on families with *different* levels of income and on different families with the *same* level of income are direct; the law's effect on total revenue is indirect.

With our three questions in mind, we will examine the most recent major tax reform law—the Economic Recovery and Tax Act of 1981 (ERTA). We will then examine the tax reform proposal recently put forward by the Ways and Means Committee of the House of Representatives. First, though, we will compare ERTA's effects on the tax burden of blacks with its effects on the tax burden of whites. Tax burden is the percentage of before-tax income that one pays out in taxes; it reflects both the law's treatment of different income levels (our first question) and the law's approach to special provisions (our second question).

ERTA's Differential Effects on Tax Burden

Ronald Reagan pushed tax revision early in his first term, and the law Congress passed in 1981 was touted for reducing the taxes paid by all citizens. The law did reduce tax *rates* for all taxpayers, but this did not necessarily translate into a reduction in actual taxes paid or in tax burden.

One reason is that inflation pushed many families—and especially low-income families—into higher tax brackets, counteracting the impact of the cut in rates. Another reason is that very low-income families did not receive the same relief from taxation that they had received during most of the 1970s. Finally, high-income families enjoyed not only the same across-the-board cuts in the tax rates on earned income that everyone else did, but they also benefited from significant reductions in the rates on investment income. This is a type of income that most poor families (and many black families at every income level) do not receive in large amounts.

Census data make it clear that ERTA's effect on the tax burden of blacks was different from its effect on the tax burden of whites.

Census data make it clear that ERTA's effect on the tax burden of blacks was different from its effect on the tax burden of whites. Table 1 presents the Census estimates of (1) mean income before taxes, (2) mean income after taxes,

and (3) tax burden, for both blacks and whites, during the period from 1980 (the year before ERTA) to 1983.

The data show that whites consistently had higher before- and after-tax incomes than blacks. And, given the progressivity of the tax structure (i.e., the fact that people with higher incomes pay at higher tax rates), whites also had larger average tax burdens. The estimates also show that during the period in question, the tax burden declined for both blacks and whites.

But the decline was much greater for whites than for blacks. This suggests that blacks paid an increased proportion of total tax revenue, relative to whites. Furthermore, the taxes paid by whites evidently decreased enough to make up for the decrease in white before-tax income that resulted from the recession of 1981-1982. This did not happen with blacks. The before-tax income of blacks did decline as a result of the recession; but their after-tax income went down between 1980 and 1983, whereas the after-tax income of whites rose.

These estimates suggest that the differential impact of ERTA on the tax burdens of blacks and whites was caused by two factors operating simultaneously. Blacks suffered more from the recession than whites did (as the data on before-tax income indicate). Blacks also benefited less from the tax reform than whites did (as the data on tax burden and after-tax income indicate).

The reasons for these differential effects lie in ERTA's effects specifically on people at different levels of income and on special provisions in the tax law.

Table 1. Mean Before-Tax Income, Mean After-Tax Income, and Tax Burden, by Race, 1980-1983

	1980	1981	1982	1983	Percentage Change 1980-1983*
Mean Before-Tax Income†					
Whites	$21,913	$21,505	$21,609	$21,885	-0.1%
Blacks	13,970	13,457	13,444	13,675	-0.2
Mean After-Tax Income†					
Whites	$16,852	$16,437	$16,738	$17,166	1.9%
Blacks	11,450	10,945	11,060	11,311	-1.2
Tax Burden (Mean Taxes as Percentage of Mean Before-Tax Income					
Whites	23.1%	23.6%	22.5%	21.6%	-6.5%
Blacks	18.0	18.7	17.7	17.3	-3.9

Source: U.S. Bureau of the Census, "After-Tax Money Income Estimate of Households," Series P-23, Nos. 132, 137, and 143.

* The absolute change from 1980 to 1983 was divided by (or taken as a percentage of) the 1980 figure (as the base amount).

† Adjusted for inflation. Incomes for 1981-1983 are given in 1980 dollars.

ERTA and Low-Income Families

For those with low incomes, one of the most noteworthy features of ERTA is not what it did, but what it failed to do. Unlike some previous tax reform bills, ERTA failed to make sure that people living in poverty did not have to pay taxes.

The "income tax threshold" (described below in detail) is the level of income below which one does not have to pay federal income tax. Between 1976 and 1981 Congress tried to keep that threshold set at the poverty level. As inflation systematically pushed the poverty level upward, Congress periodically adjusted the income tax threshold upward. In 1981, however, Congress did not make such an adjustment.

The income tax threshold has three components, which tax law treats as separate entities. One component is the *standard deduction, or zero bracket amount (ZBA),* that is applicable to everyone with any income at all. The ZBA is the amount of income that is tax free.

The second component of the income tax threshold is the *exemption* given to every person in a family or a taxpaying unit; this, too, is applicable to everyone, regardless of the family's total income. The larger the family, of course, the larger the total number of exemptions.

The third component of the income tax threshold is applicable only to families with children and an adjusted gross income of less than $11,000. Such families can claim an *earned income tax credit (EITC)*—a credit applicable, as its name suggests, only to earned income. The purpose of the EITC is to give poor people an incentive to work and to provide them with relief from social security taxes.

ERTA did not tie any of these three components of the income tax threshold to inflation. That is, none of the three components automatically increased with the rate of inflation. (The application of such automatic increases is referred to as indexing.) In the years following the passage of ERTA, therefore, although the level of income that was considered "poverty" kept rising with inflation, the standard deduction, the personal exemption, and the earned income tax credit remained at their 1980 levels.

In 1984, Congress acted to eliminate some of these inequities. The Deficit Reduction Act of 1984 provided that, beginning in 1985, both the zero bracket amount and the personal exemption would automatically increase with the rate

of inflation. (The ZBA for 1985 goes from $2,300 to $2,390 for single returns and from $3,400 to $3,540 for joint returns. The personal exemption increases from $1,000 to $1,040.) The earned income tax credit was not indexed, but it, too, was increased. (The new maximum went from $500 to $550.)

According to a report by the Joint (Senate-House) Committee on Taxation, however, these changes were too little and too late. Indexing the ZBA and the personal exemption in 1985 did not make up for what had happened between 1980 and 1984, when neither of those levels rose with inflation; and the earned income tax credit is still not indexed at all.

ERTA, then, hurt low-income people by failing to index the components of the income tax threshold. And it hurt them in another way, as well: by failing to compensate for the impact of inflation on tax brackets. Inflation causes "bracket creep," which means that it pushes the taxpayer into a higher tax bracket, increasing the tax burden although there has been no increase in real (inflation-adjusted) income. All taxpayers have suffered from bracket creep, but lower-income families (or taxpayers) have suffered more than higher-income families (or taxpayers). Tax brackets are narrower at low levels of income than at high ones, so inflation pushes lower-income taxpayers into higher brackets more easily than it pushes higher-income taxpayers into higher brackets.

ERTA and Special Provisions

The total amount of taxable income determines the rate at which a person is taxed. That total, however, is made up of several parts, depending on source, and not all the parts have been treated alike by tax law. Special provisions apply to particular kinds of income or particular kinds of expenditures. The most significant change ERTA made to the special provisions affecting individuals had to do with income from investments.

For example, before ERTA, the law distinguished between earned income (wages and salaries) and investment income. The latter was taxed at a higher rate. ERTA equalized the tax rates on the two forms of income by lowering the rates on investment income. This reduced taxes sizably for the families most likely to have this source of income, notably, high-income families.

Census data for 1983 indicate that, except for wage and salary income, blacks and whites differed considerably in their sources of income.

The impact of ERTA, then, depended to some extent on the sources of a family's income (and on the investments the family made). And census data for 1983 indicate that, except for wage and salary income, blacks and whites differed considerably in their sources of income. Whites were much more likely to acquire income from self-employment, pension plans and annuities, and property (dividends, interest, rent, and royalties). Blacks were more likely to rely on public assistance.

Moreover, the differences between blacks and whites in sources of income persist even when blacks are compared with whites in similar income groups. In other words, a black household will probably own less property, and therefore receive less investment income, than a white household with the same income. This will be the case regardless of how high or low the income in the two households is (although usually the lower the income group, the larger the gap).

Given the basic differences between blacks and whites in sources of income, when rates on investment income are lowered, whites can be expected to benefit more than blacks. When rates on earned income are lowered, probably both groups will benefit about equally. ERTA, as we have said, lowered the rates on both investment income and earned income. It is important to note, however, that even when tax rates are reduced across the board (as they were under ERTA), in absolute terms the reduction is much greater for wealthier families; that is, 25 percent of $50,000 is much more money than 25 percent of $5,000 is.

To blacks and the poor, the crucial question is whether a tax reform bill will generate enough revenue to reduce the U.S. budget deficit.

We know very little about the amount and form of property held by race and level of income, and we know nothing about the extent to which blacks and whites differ in the advantage they take of different provisions in the tax law. Thus, the data given in Table 1 do not account for all the differences between black and white holdings of property, and they may in fact *underestimate* the degree to which ERTA has had different effects on blacks and whites. Estimates of black and white tax burdens that do not take this into account are, at best, presenting only the minimum differences that may exist between blacks and whites.

ERTA's Indirect Effect—Revenue Shortfalls

Many economists hold ERTA responsible for a dramatic growth in the budget deficit. By giving billions of dollars in tax cuts to business, it sharply decreased federal revenues. (Some economists also emphasize the roles of the 1981-1982 recession and the defense build-up in contributing to the growth of the deficit.) Concerned about the large deficit, Congress and the president have taken major steps to cut expenditures. The most dramatic of these actions has been the Gramm-Rudman-Hollings deficit reduction act.

The House Ways and Means Bill

Despite problems measuring the size of ERTA's differential impact on blacks and whites, the existence of such a differential impact, as we have seen, is beyond question. Therefore, more recent attempts to reform the tax system bear watching by those concerned with the well-being of blacks.

On November 23, 1985, the House Ways and Means Committee, chaired by Dan Rostenkowski (D-Ill.), finished writing the Tax Reform Act of 1985 (HR 3838). The bill passed the House on December 17, 1985, but faces an uncertain future in the Republican-controlled Senate, since many Republicans (and some Democrats) feel that too many tax incentives for investment in new businesses were eliminated. President Reagan has set a high priority on tax reform in his second term, so although he has some reservations about the House bill, he may persuade Senate Republicans to support some tax bill, if not the Ways and Means proposal.

One feature of the House bill is particularly relevant to blacks. The bill would raise the income tax threshold so that families below the poverty level would not have to pay any federal taxes. (Single individuals in poverty would still pay taxes, although less than before.)

Table 2 compares the three components of the income tax threshold—the standard deduction (formerly the zero bracket amount, or ZBA), the exemption for dependents, and the earned income tax credit—as they are under current law and as they would be if the House Ways and Means bill passed. Under the House bill, each of the components would be increased and indexed for inflation. Further, a new standard deduction would be created for single heads of household, with a dollar value between that for single individuals and that for married couples filing jointly. (At present, single heads of household have the same standard deduction as single individuals.) This should be of particular importance to blacks, given the large percentage of female-headed households in the black population.

Table 2 also shows how the House bill would revise the tax rate structure. For individuals, the 14 brackets currently in place would be reduced to 4; and the rates, which currently range from 11 percent to 50 percent, would become 15, 25, 35, and 38 percent. (Thus, the top rate for individuals would be lowered from 50 percent to 38 percent.) Moreover, these rates would be indexed for inflation. Even without indexing, however, "bracket creep" would be less of a problem than it is now, since the income range of each tax bracket would be much broader than under current law.

For corporate taxpayers, too, the number of brackets would be reduced (from 5 to 3), and the top tax rate would be lowered (from 46 percent to 36 percent).

A minimum tax rate of 25 percent would be set for both individuals and firms. Under current law, even though there is a minimum tax of 20 percent for individuals and 15 percent for corporations, so many loopholes exist that many taxpayers can avoid paying taxes altogether. The proposed bill attempts to eliminate these loopholes so that a minimum tax would definitely be paid.

The House bill would make other changes, as well, modifying the existing special provisions to bring more income into the tax base. (The tax base is the portion of total income that is subject to taxation.) For example, it would limit the use of various tax shelters, the deduction of business expenses, the deduction of interest payments (for mortgages and other nonbusiness expenses), and the issuance of tax-exempt government bonds. And some sources of income that are now wholly or partially exempt from taxes would be taxable: unemployment insurance, scholarships and fellowships (except payments for tuition and equipment), and prizes and awards. Finally, the way businesses depreciate their assets would be restricted, so that corporate taxpayers would have to pay more taxes.

The effect that these changes in special provisions would have on blacks is hard to assess, given the insufficiency of data. We can say, however, that people who do not itemize on their tax returns would benefit relative to people who do itemize. Blacks are probably more likely than whites to be non-itemizers, since blacks are less likely than whites to have business and property income (even when differences in income are taken into account). So these changes would probably benefit black taxpayers somewhat.

The members of the House Ways and Means Committee assert that their bill would still bring in the same tax revenues as before. According to the committee, the revenues lost with the lowering of taxes on individuals would be made up by increases in corporate, excise, estate, and gift taxes. (Increased taxes from businesses would have to come from the closing of various loopholes, for as we have seen, actual corporate tax rates would decline.)

If the Tax Reform Act of 1985 would not significantly decrease tax revenue, neither would it increase tax revenue. And to blacks and other low-income families, the amount of revenue generated may be as important as what happens to the income tax threshold and the tax rate. To blacks and the poor, the crucial question is whether a tax reform bill will generate enough revenue to reduce the U.S. budget deficit. An increasing deficit may eventually mean further cuts in domestic social programs, including those that are important to blacks and other low-income families. Too large a deficit could also impede economic growth, thus leading to even larger deficits in the future and additional cuts in social programs.

The current proposal does well in attempting to exclude poor families from taxation and in lowering the tax rates for many middle-class families. But in failing to increase revenue, it may undercut its own strengths. At the very least, the House bill is an important first step, and its movement toward passage should be closely watched.

Table 2. Comparison of Income Tax Threshold and Tax Rates, Current Tax Law and House Ways and Means Bill

	Current Law (1986)	House Ways and Means Bill
Income Tax Threshold		
Standard Deduction		
Single	$2,480 (indexed)	$2,950 (indexed)
Joint	$3,670 (indexed)	$4,800 (indexed)
Head of Household	$2,480 (indexed)	$4,200 (indexed)
Exemptions per Person	$1,080 (indexed)	$2,000; $1,500 for itemizers (indexed)
Earned Income Tax Credit	11% up to $550 maximum (not indexed)	14% up to $700 maximum (indexed)
Tax Rates		
Individuals	11-50% (14 tax brackets; indexed)	15-38% (4 tax brackets; indexed)
Corporations	15-40% up to $100,000 income, 46% thereafter (5 tax brackets)	15-30% up to $75,000 income, 36% thereafter (3 tax brackets)
Minimum Tax		
Individuals	20%	25% (many loopholes eliminated)
Corporations	15%	25% (many loopholes eliminated)

Pollution . . .

(Continued from page 3)

report, *Technologies and Management Strategies for Hazardous Waste Control*. According to the report, the United States generates more than 250 million metric tons of hazardous and potentially hazardous waste each year, or about 1 metric ton (2,205 pounds) per U.S. citizen.

Approximately 40 million metric tons of this massive amount of waste are regulated by EPA. EPA does not currently regulate small plants or businesses (such as dry cleaners, printing shops, metal plating firms, and so forth) that generate less than 1 metric ton of waste a month. Such small amounts are not in themselves hazardous; they become so, however, when concentrated in one place.

The 210 million metric tons of unregulated potentially hazardous waste go to the sanitary landfills designed for municipal waste. Leading experts, however, generally agree that sanitary landfills are not properly designed to receive such waste and that they will probably leak toxic substances into the environment. These sanitary landfills tend, as in Houston, to be located in or near black residential areas, which are therefore at special risk.

The 40 million metric tons of EPA-regulated waste goes to landfills designed specifically for hazardous waste. In the South, a disproportionately large share of these landfills are in black communities. According to a study released by the General Accounting Office (GAO) in 1983, entitled *Siting of Hazardous Waste Landfills and Their Correlation With the Racial and Economic Status of Surrounding Communities*, three of the four hazardous landfills in EPA's Region IV (Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee) are in communities with a majority-black population. All four of the sites are in communities where at least 26 percent of the population have incomes below the poverty level (and most of that 26 percent is black). The four sites are

Black communities that have been exposed to large amounts of environmental pollution because of earlier inadequacies in the disposal of hazardous waste have not fared so well in the cleanup process.

Chemical Waste Management (Sumpter County, Alabama), Industrial Chemical Company (Chester County, South Carolina), SCA Services (Sumpter County, South Carolina), and the Warren County PCB Landfill (Warren County, North Carolina).

The GAO study was precipitated by a controversy involving the Warren County PCB Landfill in 1982. The landfill is in the small black town of Afton in a county that is poor, rural, and 60 percent black. In 1982, the Warren County PCB Landfill was to become the final resting place of more than 32,000 cubic yards of soil that was contaminated with the highly toxic industrial chemical PCB (polychlorinated biphenyl) and had been illegally dumped along the roadways of 14 North Carolina counties in 1978.

National black leaders zeroed in on this as a "civil rights" issue. Dr. Joseph Lowery of the Southern Christian Leadership Conference and U.S. Representative Walter Fauntroy of the District of Columbia led more than 400 demonstrators in an unsuccessful attempt to prevent trucks from dumping the PCB-contaminated soil in the Warren County landfill.

This case, like the others we discuss, illustrates the difficulty of affecting environmental policies and the need for sustained, organized efforts to combat policies that negatively affect black communities.

Black Love Canals

The dangers of hazardous landfills became clear at Love Canal in 1978. We are now much more cautious—although not always cautious enough—about where and how we dump toxic waste. We now know that if toxic material is not properly disposed of, it will eventually leak into the environment and cause serious health problems. Nevertheless, in many communities large amounts of hazardous chemicals were deposited in the ground before we became aware of the dangers. They have already polluted the environment.

When such conditions are discovered, remedial action can be taken if citizens appeal forcefully enough to government or industry. The remedial action can be cleanup—making the site safe, possibly by fencing it in or removing the toxins; it can also be compensation—buying out the home owners so they can afford to relocate.

EPA has been involved in cleaning up some of the communities where this type of pollution has occurred and has sometimes offered the residents millions of dollars in compensation. For example, EPA offered to buy out the small town of Times Beach, Missouri, where chemicals sprayed on roads to control dust were discovered in the air 10 years later.

But black communities that have been exposed to large amounts of environmental pollution because of earlier inadequacies in the disposal of hazardous waste have not fared so well in the cleanup process.

A case in point is Triana, a small all-black town in northern Alabama. In the *National Wildlife Journal* of August 1980, syndicated columnist Barbara Reynolds described Triana as the "unhealthiest town in America." The Center for Disease Control in Atlanta had tested 1,000 residents of Triana and found them all to have elevated levels of DDT and PCB in their blood. Although the source of the PCB was not known, the DDT was determined to have been produced by the Olin Chemical Company at a nearby Army missile base from 1947 to 1971. In 1971 DDT was banned in the United States and the plant manufacturing it near Triana was torn down, but more than 4,000 tons of DDT residue remained buried in the area and eventually worked their way into a fishing creek popular with Triana's residents.

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The Crisis . . .

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Caught in the Middle

I can personally attest to the difficulties this environment has created. I am an acknowledged critic of the civil rights leadership and I share the administration's views on federal enterprise zones, a youth opportunity wage, educational vouchers for low-income students, ownership among responsible public-housing tenants, a work requirement for able-bodied welfare recipients, punishment for those who brutalize their neighbors. I am no enemy of right-to-work laws; I do not despise the institution of private property; I do not trust the capacity of public bureaucracies to substitute for private initiative.

But I am also a black man; a product of Chicago's South Side; and a veteran of the civil rights revolution, in spirit if not practice. I agonize at the extraordinary waste of human potential represented by the despair of ghetto America. I lament, deeply and personally, the almost total lack of progress we have made in relieving the suffering that goes on there. And for me it is not enough, not nearly enough, to fault liberals for much that has gone wrong. This problem is so far from solution, yet so central to the well-being of our nation, that a commitment by the highest levels of government is required—a commitment that does not prejudge the specific methods to be employed but that acknowledges publicly how unacceptable is the current state of affairs.

I am not issuing a call for big spending. Neither am I appealing for a slick public relations campaign to show that Ronald Reagan "cares" as much as Tip O'Neill does. Rather, I am making a plaintive cry for government to actively engage this problem, for government to give racial inequality a high place on its domestic agenda.

Even while the government must continue to be involved in some areas . . . , expanded black self-reliance is also essential.

Nothing I have said here should be construed as retracting, or retreating from, the views I have expressed in the past on the crucial importance to blacks of "self-help." All that I have said before is still true and important: there is a difference between the "enemy without" (racism) and the "enemy within" (the dysfunctional behavior of young blacks that perpetuates poverty and dependency); blacks need to face squarely the political reality that we now live in the "post-civil-rights era"; claims based on racial justice now carry much less weight in American public life than they once did; and some civil rights leaders have wantonly surrendered the moral high ground, since they have sought benefits for their own people in the name of justice even while revealing indifference or hostility to the rights of others. But selling those positions within the black community is infinitely more difficult when my black critics are able to say, "But your argument plays into the hands of those who are looking for an excuse to abandon the black poor"—and when I am unable to credibly contradict them.

Toward True Equality

Ultimately, therefore, the deteriorating quality of our public debate about racial matters has come to impede the black community's effort to realign its priorities. Yet such realignment is crucial, both in the interests of the inner cities and for the political health of the nation. For even while the government must continue to be involved in some areas (education, employment training, enforcement of antidiscrimination laws, and provisions of minimal subsistence to the impoverished), expanded black self-reliance is also essential.

It is essential for black dignity—the dignity that would command equal respect. Equal respect, in turn, is a precondition of true equality in America. By true equality I mean more than an approximately equal material provision. I also mean equality of respect and status in the eyes of one's fellow citizens. No group can attain this goal when many members of the group, permanently and without any apparent good reason (ill health, old age, and so forth), are not self-supporting.

The dignity of our people—and therefore true equality—is undermined by the view of the black condition that civil rights leaders remain wedded to. From them we hear too much the story of discrimination, repression, hopelessness, and frustration, and too little the saga of the march forward to genuine empowerment, with or without the cooperation of others. Those leaders seek to make blacks the conscience of America, even at the cost of our own souls. Those leaders require blacks to present ourselves to American society as permanent victims, incapable of advancing without the state-enforced philanthropy of whites. By evoking the past suffering and current deprivations of the ghetto poor, some black leaders seek to feed the guilt and, even worse, the pity of the white establishment.

My answer is that we blacks ought not allow ourselves to become ready doomsayers, always willing to exploit black suffering by offering it up to more or less sympathetic whites as a justification for ever larger monetary transfers. That posture seems to express a fundamental lack of confidence in the ability of blacks to make it in America, as so many millions of immigrants have done and continue to do. Even if this approach produced the monetary transfers, it could not possibly lead to true equality of status in American society.

Achieving Excellence, Not Mandating It

Clear evidence of what I am talking about is the current, quite heated debate over quotas and affirmative action. On the surface, the argument is one of principle. Opponents of quotas claim they are merely defending the rights of all citizens to be free of discrimination, and proponents claim they are trying only to secure rights for blacks that the courts have upheld.

Both of these positions, of course, are disingenuous. But I am not interested here in the issue of principle. Rather, my concern is with the inconsistency, for blacks, of relying broadly on quotas while claiming to

aim at "true equality." In a sense, the demand for quotas concedes at the outset the impossibility of ever being truly equal. To approve of one standard for hiring blacks and another for hiring whites is tantamount to acknowledging that blacks are unable to perform up to the standard for whites.

The call to replace tests with quotas is the response many black leaders make in almost every instance of racially differential performance. When blacks cannot pass a high school proficiency test—throw out the test, black leaders yell. When black teachers exhibit lower testing skills than whites, the very idea of testing teachers' skills is attacked. If black athletes fail to achieve the minimal academic standard set for participants in intercollegiate sports, then we are urged to set a separate, lower standard for them, and those who suggest the need for a standard in the first place are accused of racism. If black suspension rates are higher than those for whites in a given school district—well, let's investigate that district for racist administrative practices. When black students are unable to gain admission to the elite public schools in Boston at the same rate as whites, let's ask a federal judge to mandate black excellence.

The inescapable truth is that no judge can mandate excellence; no selection committee can create distinction in black scholars; and no amount of setting double standards can make black students competitive or comfortable in academically exclusive colleges and universities.

The only way blacks can achieve true equality in American society is by striving for more excellence and less failure in their schools, in their communities, and on their jobs. More black scholars of distinction will be required. Black neighborhoods, or black teenage males, will have to stop being threats to the safety and property of white (and black) people. Black students at exclusive colleges will have to partake of the full range of social and intellectual experiences offered there, without the self-consciousness and insecurity so common in those environments today. Black politicians will have to appeal to all voters and represent districts not mainly black.

Indeed, in the end, nothing less than earned achievements can form the basis of true racial equality in America.

Pollution . . .

(Continued from page 9)

The creek's hazardousness was documented as early as 1978, yet neither the U.S. Army nor the federal government took action. Finally, in 1980, the mayor of Triana, Clyde Foster, filed a class action suit against the Olin Chemical Company. The company settled out of court in 1983 for $24 million. The federal government, however, made no offer to "buy out" Triana, even though an army base had been partly responsible for the problem.

A variant on the Love Canal type of situation is the case involving two black neighborhoods in West Dallas, where chemicals presently polluting the environment were discovered to be health-threatening. The knowledge has not been followed by fully remedial action on the part of the authorities, however. As early as 1981, EPA toxicologists warned EPA administrators that lead from three lead smelters in the two black neighborhoods was polluting the air. The contamination was called serious enough to require "immediate cleanup." Two years passed and nothing was done. But in 1983 EPA's Office of Toxic Integration and the Center for Disease Control studied children who lived near the smelter and found high levels of lead toxicity in their blood. Lead contamination can adversely affect mental and cognitive development. Air emissions from the smelters were thereupon found to pose an immediate health threat to the nearby residents, especially to the children, and at that point EPA and the Dallas Health Department began to clean up the symptom. That is, they dug up the contaminated soil in the area—the soil all around the smelters in the children's playgrounds.

Blacks need to use their community resources to develop their own environmental advocates and experts to protect and preserve the quality of life in their neighborhoods.

They did not, however, clean up the cause, or the source, of the lead pollution problem, despite the efforts of the West Dallas Lead Pollution Task Force, a black community-based group. The group has successfully used the city's zoning ordinance to challenge one of the three smelter operations, but the others continue to operate. The group's most recent strategy has included filing suit against the industrial polluters and bringing citizen pressure directly to bear at City Hall.

Slowly, blacks are awakening to the dangers of living in a polluted environment. They are beginning to form protest groups, file lawsuits, and organize demonstrations to demand an unpolluted environment. Much more effort on their part is needed, however. Whether it is a matter of deciding where the city dump sites will be located, or getting a local chemical plant to dispose of its toxic waste more carefully, or trying to secure federal assistance to clean up an area that has already been contaminated by health-threatening chemicals, blacks must become more involved in environmental issues if they want to live healthier lives.

Blacks should work with mainstream environmental organizations, since those organizations wield substantial power. But more importantly, black communities need to incorporate environmental issues into their own agendas for economic development. Blacks need to use their community resources—churches, civic clubs, neighborhood and lawyers' associations, civil rights and political organizations, colleges and universities—to develop their own environmental advocates and experts to protect and preserve the quality of life in their neighborhoods.

Telescope

JCPS Annual Dinner Reminder

The Joint Center's ninth annual dinner will be held March 26, 1986, at the Washington Hilton Hotel. Franklin A. Thomas, president and chief executive officer of the Ford Foundation, will be the featured speaker. Tickets for the dinner are available at a cost of $5,000 for sponsors' tables of 10, $2,000 for patrons' tables of 10, and $200 for individual tickets. Reservations may be made with Alfreda Edwards at 202-626-3555.

Proposed Senate Committee on Families and Youth

Senators Daniel Patrick Moynihan (D-NY), Jeremiah Denton (R-AL), and others have introduced a bill to create a Special Committee on Families, Youth, and Children in the U.S. Senate. The committee would analyze the effects of government policies on families and children and would put out an annual report.

Currently, issues involving families and youth are divided among several Senate committees. By centralizing responsibility for such issues within a single committee, the senators hope that the Senate will address the problems of American families and children more systematically.

Mayor Morial Co-Chairs Privatization Council

The Privatization Council, Inc., has appointed Ernest N. Morial, mayor of New Orleans and president of the U.S. Conference of Mayors, to the position of co-chairman of the council, along with Prescott S. Bush, Jr., president of Prescott Bush Co. The Privatization Council is a group of organizations that encourages the public sector to explore privatization (use of the private sector to provide public services). Members include Arthur Andersen & Co. and Arthur Young & Co.

Since in many communities the amount of public dollars is declining, privatization is gaining increasing attention as an alternative way of delivering public services. (For information on how privatization works, see "Alternative Service Delivery" by Robert Suggs in the February 1985 issue of *Focus*.) Morial and Bush will organize educational programs, conferences, publications, and a speakers' bureau to inform potential users of the benefits of privatization. The council publishes a quarterly journal and plans to launch a newsletter in the near future.

For more information, contact the Privatization Council, 30 Rockefeller Plaza, Suite 3755, New York, NY 10112; telephone 212-247-1872. Or contact Mayor Morial's office by writing to L. Cates, Office of Public Information, City Hall, 1300 Perdido Street, New Orleans, LA 70112; telephone 504-586-4322.

JCPS Publication Explores Differences in Black and White Political Attitudes

Inside Black America, an analysis of the attitudes of black and white Americans on a wide range of political issues, has just been published by the Joint Center. Written by Thomas E. Cavanagh, former JCPS senior research associate, the book is based on a survey of more than 900 blacks and 1,300 whites, conducted by the Joint Center and the Gallup Organization in the summer of 1984. That survey—one of the most extensive samplings of black and white political attitudes ever attempted—aroused an unprecedented amount of interest in black political attitudes.

Exploring a wide range of political attitudes within the black and white communities, *Inside Black America* contains in-depth analyses of

- the differences between the black and white votes in the November 1984 elections;
- the political mobilization of blacks between 1982 and 1984;
- partisanship within the black community;
- white backlash in the South; and
- the feasibility of blacks being elected to national office in the future.

Copies of *Inside Black America* are available for $4.95 each. Write to Publications Clerk, Joint Center for Political Studies, 1301 Pennsylvania Avenue, NW, Washington, DC 20004.

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